
HOUSE BILL 1784

State of Washington

53rd Legislature

1993 Regular Session

By Representatives Locke, Sommers, Dellwo, Wang, Brough, Jacobsen, Karahalios, Peery, Talcott, Dorn, Cothorn, Ogden, Holm, Pruitt, Jones, Romero, Campbell, Valle, Thibaudeau, King, Ballard, Basich, Quall, Veloria, Linville, Rayburn, Kessler, Orr, Carlson, Johanson, L. Johnson, Leonard, J. Kohl, Lemmon, H. Myers, Hansen, Patterson and Shin

Read first time 02/08/93. Referred to Committee on Appropriations.

1 AN ACT Relating to health care insurance for employees and retirees
2 of school districts and educational service districts; amending RCW
3 28A.400.391, 41.04.205, 41.04.235, 41.05.011, 41.05.021, 41.05.055,
4 41.05.065, 41.05.075, and 41.05.140; adding a new section to chapter
5 28A.400 RCW; adding new sections to chapter 41.05 RCW; creating a new
6 section; and providing an effective date.

7 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

8 NEW SECTION. **Sec. 1.** It is the legislature's intent to increase
9 access to health insurance for retired and disabled school employees
10 and also to improve equity between state employees and school employees
11 by providing for the reduction of health insurance premiums charged to
12 retired school employees through a subsidy charged against health
13 insurance allocations for active employees. It is further the
14 legislature's intent to improve the cost-effectiveness of state-
15 purchased health care by managing programs for public employees, in
16 this case retired school employees, through the state health care
17 authority.

1 **Sec. 2.** RCW 28A.400.391 and 1992 c 152 s 1 are each amended to
2 read as follows:

3 (1) Every group disability insurance policy, health care service
4 contract, health maintenance agreement, and health and welfare benefit
5 plan obtained or created to provide benefits to employees of school
6 districts and their dependents shall contain provisions that permit
7 retired and disabled employees to continue medical, dental, or vision
8 coverage under the group policy, contract, agreement, or plan until
9 (~~June~~) September 30, 1994, or until the employee becomes eligible for
10 federal medicare coverage, whichever occurs first. The terms and
11 conditions for election and maintenance of such continued coverage
12 shall conform to the standards established under the federal
13 consolidated omnibus budget reconciliation act of 1985, as amended.
14 The period of continued coverage provided under this section shall run
15 concurrently with any period of coverage guaranteed under the federal
16 consolidated omnibus budget reconciliation act of 1985, as amended.

17 (2) This section applies to:

18 (a) School district employees who retired or lost insurance
19 coverage due to disability after July 28, 1991;

20 (b) School district employees who retired or lost insurance
21 coverage due to disability within the eighteen-month period ending on
22 July 28, 1991; and

23 (c) School district employees who retired or lost insurance
24 coverage due to disability prior to January 28, 1990, and who were
25 covered by their employing district's insurance plan on January 1,
26 1991.

27 (3) For the purposes of this section "retired employee" means an
28 employee who separates from district service and is eligible at the
29 time of separation from service to receive, immediately following
30 separation from service, a retirement allowance under chapter 41.32 or
31 41.40 RCW.

32 (4) The superintendent of public instruction shall adopt
33 administrative rules to implement this section.

34 **Sec. 3.** RCW 41.04.205 and 1992 c 199 s 1 are each amended to read
35 as follows:

36 (1) Notwithstanding the provisions of RCW 41.04.180, the employees,
37 with their dependents, of any county, municipality, or other political
38 subdivision of this state shall be eligible to participate in any

1 insurance or self-insurance program for employees administered under
2 chapter 41.05 RCW if the legislative authority of any such county,
3 municipality, or other political subdivisions of this state determines
4 a transfer to an insurance or self-insurance program administered under
5 chapter 41.05 RCW should be made. In the event of a special district
6 employee transfer pursuant to this section, members of the governing
7 authority shall be eligible to be included in such transfer if such
8 members are authorized by law as of June 25, 1976 to participate in the
9 insurance program being transferred from and subject to payment by such
10 members of all costs of insurance for members.

11 (2) When the legislative authority of a county, municipality, or
12 other political subdivision determines to so transfer, the state health
13 care authority shall:

14 (a) Establish the conditions under which the transfer may be made,
15 which shall include the requirements that:

16 (i) All the eligible employees of the political subdivision
17 transfer as a unit, and

18 (ii) The political subdivision involved obligate itself to make
19 employer contributions in an amount at least equal to those provided by
20 the state as employer; and

21 (b) Hold public hearings on the application for transfer; and

22 (c) Have the sole right to reject the application.

23 Approval of the application by the state health care authority
24 shall effect a transfer of the employees involved to the insurance,
25 self-insurance, or health care program applied for.

26 (3) Any application of this section to members of the law
27 enforcement officers' and fire fighters' retirement system under
28 chapter 41.26 RCW is subject to chapter 41.56 RCW.

29 (4) The requirements in subsection (2)(a) (i) and (ii) of this
30 section need not be applied to school districts, except that all
31 eligible employees in a bargaining unit of a school district may
32 transfer only as a unit and all nonrepresented employees in a district
33 may transfer only as a unit.

34 **Sec. 4.** RCW 41.04.235 and 1983 c 3 s 89 are each amended to read
35 as follows:

36 Participants in a health care benefit plan approved pursuant to RCW
37 41.04.180, ((41.05.025)) 41.05.065, or 28A.400.350, whichever is
38 applicable, who are retired public employees, may authorize the

1 deduction from their retirement allowances, of the amount or amounts of
2 their subscription payments, premiums, or contributions to any person,
3 firm, or corporation furnishing or providing medical, surgical, and
4 hospital care or other health care insurance upon the approval by the
5 retirement board of an application for such deduction on the prescribed
6 form, and the treasurer of the state shall duly and timely draw and
7 issue proper warrants directly to and in favor of the person, firm, or
8 corporation, or organization named in the authorization for the amount
9 authorized to be deducted.

10 **Sec. 5.** RCW 41.05.011 and 1990 c 222 s 2 are each amended to read
11 as follows:

12 Unless the context clearly requires otherwise, the definitions in
13 this section shall apply throughout this chapter.

14 (1) "Administrator" means the administrator of the authority.

15 (2) "State purchased health care" or "health care" means medical
16 and health care, pharmaceuticals, and medical equipment purchased with
17 state and federal funds by the department of social and health
18 services, the department of health, the basic health plan, the state
19 health care authority, the department of labor and industries, the
20 department of corrections, the department of veterans affairs, and
21 local school districts.

22 (3) "Authority" means the Washington state health care authority.

23 (4) "Insuring entity" means an insurance carrier as defined in
24 chapter 48.21 or 48.22 RCW, a health care service contractor as defined
25 in chapter 48.44 RCW, or a health maintenance organization as defined
26 in chapter 48.46 RCW.

27 (5) "Flexible benefit plan" means a benefit plan that allows
28 employees to choose the level of health care coverage provided and the
29 amount of employee contributions from among a range of choices offered
30 by the authority.

31 (6) "Employee" includes all full-time and career seasonal employees
32 of the state, whether or not covered by civil service; elected and
33 appointed officials of the executive branch of government, including
34 full-time members of boards, commissions, or committees; and includes
35 any or all part-time and temporary employees under the terms and
36 conditions established under this chapter by the authority; justices of
37 the supreme court and judges of the court of appeals and the superior
38 courts; and members of the state legislature or of the legislative

1 authority of any county, city, or town who are elected to office after
2 February 20, 1970. "Employee" also includes employees of a county,
3 municipality, or other political subdivision of the state if the
4 legislative authority of the county, municipality, or other political
5 subdivision of the state seeks and receives the approval of the
6 authority to provide any of its insurance programs by contract with the
7 authority, as provided in RCW 41.04.205, and employees of a school
8 district if the board of directors of the school district seeks and
9 receives the approval of the authority to provide any of its insurance
10 programs by contract with the authority as provided in RCW 28A.400.350.

11 (7) "Board" means the state employees' benefits board established
12 under RCW 41.05.055.

13 (8)(a) "Retired or disabled school employee" includes employees
14 who, as of September 30, 1993, receive a retirement allowance under
15 chapter 41.32 or 41.40 RCW, and who (i) are eligible for federal
16 medicare coverage, or (ii) are ineligible for insurance coverage under
17 RCW 28A.400.391.

18 (b) "Retired or disabled school employee" also includes employees
19 who separate from school district or educational service district
20 service on or after October 1, 1993, and are eligible to receive,
21 immediately following separation from service, a retirement allowance
22 under chapter 41.32 or 41.40 RCW. From October 1, 1993, to September
23 30, 1994, a retired or disabled employee must be eligible for federal
24 medicare coverage to be included in the definition of "retired or
25 disabled school employee" in this subsection (8)(b).

26 (c) "Retired or disabled school employee" does not include retired
27 or disabled employees of school districts or educational service
28 districts covered by this chapter under RCW 41.05.080 because their
29 employing district contracts with the authority under RCW 28A.400.350
30 to provide insurance for employees of the district.

31 **Sec. 6.** RCW 41.05.021 and 1990 c 222 s 3 are each amended to read
32 as follows:

33 The Washington state health care authority is created within the
34 executive branch. The authority shall have an administrator appointed
35 by the governor, with the consent of the senate. The administrator
36 shall serve at the pleasure of the governor. The administrator may
37 employ up to seven staff members, who shall be exempt from chapter
38 41.06 RCW, and any additional staff members as are necessary to

1 administer this chapter. The primary duties of the authority shall be
2 to administer state employees' insurance benefits and retired or
3 disabled school employees' insurance benefits and to study state-
4 purchased health care programs in order to maximize cost containment in
5 these programs while ensuring access to quality health care. The
6 authority's duties include, but are not limited to, the following:

7 (1) To administer ((a)) health care benefit programs for employees
8 and retired or disabled school employees as specifically authorized in
9 RCW 41.05.065 and in accordance with the methods described in RCW
10 41.05.075, 41.05.140, and other provisions of this chapter;

11 (2) To analyze state-purchased health care programs and to explore
12 options for cost containment and delivery alternatives for those
13 programs that are consistent with the purposes of those programs,
14 including, but not limited to:

15 (a) Creation of economic incentives for the persons for whom the
16 state purchases health care to appropriately utilize and purchase
17 health care services, including the development of flexible benefit
18 plans to offset increases in individual financial responsibility;

19 (b) Utilization of provider arrangements that encourage cost
20 containment and ensure access to quality care, including but not
21 limited to prepaid delivery systems, utilization review, and
22 prospective payment methods;

23 (c) Coordination of state agency efforts to purchase drugs
24 effectively as provided in RCW 70.14.050;

25 (d) Development of recommendations and methods for purchasing
26 medical equipment and supporting services on a volume discount basis;
27 and

28 (e) Development of data systems to obtain utilization data from
29 state-purchased health care programs in order to identify cost centers,
30 utilization patterns, provider and hospital practice patterns, and
31 procedure costs, utilizing the information obtained pursuant to RCW
32 41.05.031;

33 (3) To analyze areas of public and private health care interaction;

34 (4) To provide information and technical and administrative
35 assistance to the board;

36 (5) To review and approve or deny applications from counties,
37 municipalities, other political subdivisions of the state, and school
38 districts to provide state-sponsored insurance or self-insurance
39 programs to their employees in accordance with the provisions of RCW

1 41.04.205 and 28A.400.350, setting the premium contribution for
2 approved groups as outlined in RCW 41.05.050;

3 (6) To appoint a health care policy technical advisory committee as
4 required by RCW 41.05.150; ((and))

5 (7) To establish billing procedures and collect funds from school
6 districts and educational service districts under section 11 of this
7 act in a way that minimizes the administrative burden on districts; and

8 (8) To promulgate and adopt rules consistent with this chapter as
9 described in RCW 41.05.160.

10 **Sec. 7.** RCW 41.05.055 and 1989 c 324 s 1 are each amended to read
11 as follows:

12 (1) The state employees' benefits board is created within the
13 authority. The function of the board is to design and approve
14 insurance benefit plans for state employees and retired or disabled
15 school employees.

16 (2) The board shall be composed of seven members appointed by the
17 governor as follows:

18 (a) Three representatives of state employees, one of whom shall
19 represent an employee association certified as exclusive representative
20 of at least one bargaining unit of classified employees, one of whom
21 shall represent an employee union certified as exclusive representative
22 of at least one bargaining unit of classified employees, and one of
23 whom is retired, is covered by a program under the jurisdiction of the
24 board, and represents an organized group of retired public employees;

25 (b) Three members with experience in health benefit management and
26 cost containment; and

27 (c) The administrator.

28 (3) The governor shall appoint the initial members of the board to
29 staggered terms not to exceed four years. Members appointed thereafter
30 shall serve two-year terms. Members of the board shall be compensated
31 in accordance with RCW 43.03.250 and shall be reimbursed for their
32 travel expenses while on official business in accordance with RCW
33 43.03.050 and 43.03.060. The board shall prescribe rules for the
34 conduct of its business. The administrator shall serve as chair of the
35 board. Meetings of the board shall be at the call of the chair.

36 **Sec. 8.** RCW 41.05.065 and 1988 c 107 s 8 are each amended to read
37 as follows:

1 (1) The board shall study all matters connected with the provision
2 of health care coverage, life insurance, liability insurance,
3 accidental death and dismemberment insurance, and disability income
4 insurance or any of, or a combination of, the enumerated types of
5 insurance for employees and their dependents on the best basis possible
6 with relation both to the welfare of the employees and to the state:
7 PROVIDED, That liability insurance shall not be made available to
8 dependents.

9 (2) The state employees' benefits board shall develop employee
10 benefit plans that include comprehensive health care benefits for all
11 employees. In developing these plans, the board shall consider the
12 following elements:

13 (a) Methods of maximizing cost containment while ensuring access to
14 quality health care;

15 (b) Development of provider arrangements that encourage cost
16 containment and ensure access to quality care, including but not
17 limited to prepaid delivery systems and prospective payment methods;

18 (c) Wellness incentives that focus on proven strategies, such as
19 smoking cessation, exercise, and automobile and motorcycle safety;

20 (d) Utilization review procedures including, but not limited to
21 prior authorization of services, hospital inpatient length of stay
22 review, requirements for use of outpatient surgeries and second
23 opinions for surgeries, review of invoices or claims submitted by
24 service providers, and performance audit of providers; and

25 (e) Effective coordination of benefits.

26 (3) The board shall design benefits and determine the terms and
27 conditions of employee participation and coverage, including
28 establishment of eligibility criteria.

29 (4) The board may authorize premium contributions for an employee
30 and the employee's dependents. Such authorization shall require a vote
31 of five members of the board for approval.

32 (5) Employees may choose participation in only one of the health
33 care benefit plans developed by the board.

34 (6) The board shall review plans proposed by insurance carriers
35 that desire to offer property insurance and/or accident and casualty
36 insurance to state employees through payroll deduction. The board may
37 approve any such plan for payroll deduction by carriers holding a valid
38 certificate of authority in the state of Washington and which the board
39 determines to be in the best interests of employees and the state. The

1 board shall promulgate rules setting forth criteria by which it shall
2 evaluate the plans.

3 (7) The board shall develop benefit plans that provide health care
4 benefits for retired or disabled school employees and their dependents,
5 and shall establish terms and conditions of coverage under the plans.
6 The board shall make available separate and appropriate plans that
7 supplement medicare for retired or disabled school employees who are
8 eligible for federal medicare coverage. In developing plans for
9 retired or disabled school employees, the board shall consult with an
10 advisory committee, appointed by the administrator, whose members have
11 knowledge and interest in matters pertaining to school districts and
12 retired or disabled school employees. The board shall also consider
13 the elements referenced in subsection (2) of this section in developing
14 the plans.

15 **Sec. 9.** RCW 41.05.075 and 1988 c 107 s 9 are each amended to read
16 as follows:

17 (1) The administrator shall provide ((employee)) benefit plans
18 designed by the board through a contract or contracts with insuring
19 entities, through self-funding, self-insurance, or other methods of
20 providing insurance coverage authorized by RCW 41.05.140.

21 (2) The administrator shall establish a contract bidding process
22 that encourages competition among insuring entities, is timely to the
23 state budgetary process, and sets conditions for awarding contracts to
24 any insuring entity.

25 (3) The administrator shall establish a requirement for review of
26 utilization and financial data from participating insuring entities on
27 a quarterly basis.

28 (4) The administrator shall centralize the enrollment files for all
29 employee and retired or disabled school employee health plans and
30 develop enrollment demographics on a plan-specific basis.

31 (5) The administrator shall establish methods for collecting,
32 analyzing, and disseminating to covered individuals information on the
33 cost and quality of services rendered by individual health care
34 providers.

35 (6) All claims data shall be the property of the state. The
36 administrator may require of any insuring entity that submits a bid to
37 contract for coverage all information deemed necessary to fulfill the
38 administrator's duties as set forth in this chapter.

1 (7) All contracts with insuring entities for the provision of
2 health care benefits shall provide that the beneficiaries of such
3 benefit plans may use on an equal participation basis the services of
4 practitioners licensed pursuant to chapters 18.22, 18.25, 18.32, 18.53,
5 18.57, 18.71, 18.74, 18.83, and 18.88 RCW. However, nothing in this
6 subsection may preclude the administrator from establishing appropriate
7 utilization controls approved pursuant to RCW 41.05.065(2) (a)(i), (b),
8 and (d).

9 (8) Beginning in January 1990, and each January thereafter, the
10 administrator shall publish and distribute to each school district a
11 description of health care benefit plans available through the
12 authority and the estimated cost if school district employees were
13 enrolled.

14 **Sec. 10.** RCW 41.05.140 and 1988 c 107 s 12 are each amended to
15 read as follows:

16 (1) The authority may self-fund, self-insure, or enter into other
17 methods of providing insurance coverage for insurance programs under
18 its jurisdiction except property and casualty insurance. The authority
19 shall contract for payment of claims or other administrative services
20 for programs under its jurisdiction. If a program does not require the
21 prepayment of reserves, the authority shall establish such reserves
22 within a reasonable period of time for the payment of claims as are
23 normally required for that type of insurance under an insured program.

24 (2) Reserves established by the authority for employee benefit
25 programs shall be held in a separate trust fund by the state treasurer
26 and shall be known as the state employees' insurance reserve fund. The
27 state investment board shall act as the investor for the funds and,
28 except as provided in RCW 43.33A.160, one hundred percent of all
29 earnings from these investments shall accrue directly to the state
30 employees' insurance reserve fund.

31 ~~((+2))~~ (3) Reserves established by the authority for programs for
32 retired or disabled school employees shall be held in a separate trust
33 fund by the state treasurer and shall be known as the retired school
34 employees' insurance reserve fund hereby created. The state investment
35 board shall act as the investor for the funds and, except as provided
36 in RCW 43.33A.160, one hundred percent of all earnings from these
37 investments shall accrue directly to the retired school employees'
38 insurance reserve fund.

1 (4) Any savings realized as a result of a program created for
2 employees under this section shall not be used to increase benefits
3 unless such use is authorized by statute.

4 (~~(3)~~) (5) Any program created under this section shall be subject
5 to the examination requirements of chapter 48.03 RCW as if the program
6 were a domestic insurer. In conducting an examination, the
7 commissioner shall determine the adequacy of the reserves established
8 for the program.

9 (~~(4)~~) (6) The authority shall keep full and adequate accounts and
10 records of the assets, obligations, transactions, and affairs of any
11 program created under this section.

12 (~~(5)~~) (7) The authority shall file a quarterly statement of the
13 financial condition, transactions, and affairs of any program created
14 under this section in a form and manner prescribed by the insurance
15 commissioner. The statement shall contain information as required by
16 the commissioner for the type of insurance being offered under the
17 program. A copy of the annual statement shall be filed with the
18 speaker of the house of representatives and the president of the
19 senate.

20 NEW SECTION. **Sec. 11.** A new section is added to chapter 28A.400
21 RCW to read as follows:

22 (1) In a manner prescribed by the state health care authority and
23 subject to the limitations in subsection (2) of this section, school
24 districts and educational service districts shall remit to the health
25 care authority for deposit in the retired school employees' subsidy
26 account established in section 13 of this act:

27 (a) For the period beginning October 1, 1993, and ending September
28 30, 1994:

29 (i) For each full-time employee of the district, an amount equal to
30 four and two-tenths percent times the insurance benefit allocation rate
31 in the appropriations act for a certificated or classified staff, for
32 each month of the school year; and

33 (ii) For each part-time employee of the district who, at the time
34 of the remittance, is employed in an eligible position as defined in
35 RCW 41.32.010 or 41.40.010 and is eligible for employer fringe benefit
36 contributions for basic benefits as defined in RCW 28A.400.270, an
37 amount equal to four and two-tenths percent times the insurance benefit
38 allocation rate in the appropriations act for certificated or

1 classified staff, prorated by the proportion of employer fringe benefit
2 contributions for a full-time employee that the part-time employee
3 receives, for each month of the school year.

4 (b) Beginning October 1, 1994:

5 (i) For each full-time employee of the district, an amount equal to
6 four and seven-tenths percent times the insurance benefit allocation
7 rate in the appropriations act for certificated or classified staff,
8 for each month of the school year; and

9 (ii) For each part-time employee of the district who, at the time
10 of the remittance, is employed in an eligible position as defined in
11 RCW 41.32.010 or 41.40.010 and is eligible for employer fringe benefit
12 contributions for basic benefits as defined in RCW 28A.400.270, an
13 amount equal to four and seven-tenths percent times the insurance
14 benefit allocation rate in the appropriations act for certificated or
15 classified staff, prorated by the proportion of employer fringe benefit
16 contributions for a full-time employee that the part-time employee
17 receives, for each month of the school year.

18 (2) School districts and educational service districts are not
19 required to remit the amounts provided under subsection (1) of this
20 section for employees who are covered under chapter 41.05 RCW because
21 their employing district contracts with the state health care authority
22 under RCW 28A.400.350 to provide insurance for the employees.

23 (3) The legislature reserves the right to increase or decrease the
24 percent or amount required to be remitted in this section.

25 NEW SECTION. **Sec. 12.** A new section is added to chapter 41.05 RCW
26 to read as follows:

27 (1) Retired or disabled school employees and their dependents may
28 purchase health care insurance coverage from the authority under terms
29 and conditions established by this chapter and by the board.

30 (2) Retired or disabled school employees may enroll in benefit
31 plans under the authority during enrollment periods established by the
32 board.

33 (3) Retired or disabled school employees and their dependents shall
34 pay the cost of coverage offered by the authority, including any
35 amounts necessary for reserves and administration; however, the
36 premiums charged to a retired or disabled school employee shall be
37 reduced as provided in section 13 of this act.

1 NEW SECTION. **Sec. 13.** A new section is added to chapter 41.05 RCW
2 to read as follows:

3 (1) The retired school employees' subsidy account is hereby
4 established in the custody of the state treasurer, to be used by the
5 administrator for the deposit of the remittance paid by school
6 districts and educational service districts under section 11 of this
7 act.

8 (2) Moneys available in the account, as determined by the
9 administrator, shall be used to reduce the health care insurance
10 premiums charged to retired or disabled school employees under this
11 chapter and, through September 30, 1994, premiums charged to retired or
12 disabled employees under RCW 28A.400.391. The amount of any premium
13 reduction shall be established by the board in consultation with the
14 advisory committee. However, use of moneys from the account shall not
15 result in a premium reduction for retired or disabled school employees
16 of more than fifty percent. Moneys from the account may be used to
17 reduce premiums charged to dependents at the discretion of the board.

18 (3) Moneys to reduce premiums for retired or disabled employees
19 under RCW 28A.400.391 shall be paid to the appropriate insurance
20 carrier, or in the case of self-insurance, to the district. Payments
21 shall be made subject to submission of information to the satisfaction
22 of the administrator that the recipient of the premium reduction is
23 eligible to receive the reduction and that the moneys are used for
24 their intended purpose.

25 (4) Should the legislature revoke or reduce any remuneration or
26 benefits granted under this section, an affected retired or disabled
27 employee shall not be entitled thereafter to receive such benefits as
28 a matter of contractual right.

29 (5) Moneys from the account shall be disbursed by the state
30 treasurer by warrants on vouchers duly authorized by the administrator.

31 (6) The state treasurer and the state investment board may invest
32 moneys in the retired school employees' subsidy account. All such
33 investments shall be in accordance with RCW 43.84.080 or 43.84.150,
34 whichever is applicable. The administrator shall determine whether the
35 state treasurer or the state investment board or both shall invest
36 moneys in the account.

37 NEW SECTION. **Sec. 14.** A new section is added to chapter 41.05 RCW
38 to read as follows:

1 (1) The retired school employees' insurance account is hereby
2 established in the custody of the state treasurer, to be used by the
3 administrator for the deposit of contributions, premium payments from
4 retired or disabled school employees, subsidy amounts from the retired
5 school employees' subsidy account, reserves, dividends, and refunds,
6 and for payment of premiums for retired or disabled school employee
7 benefit contracts and operating expenses incurred by the authority in
8 the administration of benefit plans for retired or disabled school
9 employees. Moneys from the account shall be disbursed by the state
10 treasurer by warrants on vouchers duly authorized by the administrator.

11 (2) Disbursements from the account are not subject to
12 appropriation, but shall be subject to the allotment procedure provided
13 under chapter 43.88 RCW.

14 (3) The state treasurer and the state investment board may invest
15 moneys in the retired school employees' insurance account. All such
16 investments shall be in accordance with RCW 43.84.080 or 43.84.150,
17 whichever is applicable. The administrator shall determine whether the
18 state treasurer or the state investment board or both shall invest
19 moneys in the account.

20 NEW SECTION. **Sec. 15.** This act shall take effect October 1, 1993.

--- END ---